Service provided by an insurer, carrying on general insurance business, to a policy holder in relation to general insurance business is leviable to service tax under section 65(105)(d). Service tax is leviable on the gross amount charged by the insurer.

Service provided by an insurer, carrying on life insurance business, to a policy holder in relation to the risk cover in life insurance is leviable to service tax under section 65(105)(zx). Service tax is leviable on the gross amount charged by the insurer for the risk cover in life insurance. However, an insurer has the option to pay one percent of the gross amount of premium charged as service tax.

Public Service Delivery System

1399. DR. K. MALAISAMY: Will the Minister of FINANCE be pleased to state:

(a) whether the Public Service Delivery System has been really improving in terms of quality, implementation and accountability as often claimed;

(b) if so, whether such improvement and enhancement are real on ground reality or only on paper;

(c) whether the outlays given have been translated into outcomes with illustrations; and

(d) what are the established standards set to measure the outcome?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Ministry of Finance is one of the stakeholder in the process of improvement of public delivery system. However, this requires action by various Ministries/Departments, State Governments and other agencies controlled by governments. Ministry of Finance is not collecting information on various aspects of "public delivery system" and hence it would be difficult for the Ministry to express a definite opinion whether or not public delivery system has been really improving. As part of institutional reforms in public financial management, the Outcome Budgets for 2006-07 were presented in March, 2006 and that for 2007-08 would be presented in March, 2007. These are expected to provide answers to some of the concerns implicit in the question raised by Hon'ble MP on translating outlays into measurable outcome.